

## LAND TITLING AND REGISTRATION PROGRAM, SECOND PHASE (LTRP2)

(PE-0107)

### EXECUTIVE SUMMARY

<b>Borrower and guarantor:</b>	Republic of Peru	
<b>Executing agency:</b>	Ministry of Agriculture, through the Program Coordinating Unit. Subexecuting agencies will be the Special Rural Cadastre and Land Titling Project (PETT) and the National Superintendency of Registry Offices (SUNARP). The National Natural Resources Administration (INRENA) and National Culture Institute (INC) will be involved in technical areas of the program.	
<b>Amount and source:</b>	IDB (OC):	US\$23.3 million
	Local counterpart:	<u>US\$23.4 million</u>
	Total:	US\$46.7 million
<b>Terms and conditions:</b>	Amortization period:	20 years
	Grace period:	4 years
	Disbursement period:	4 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	U.S. dollar (Single Currency Facility)
<b>Objectives:</b>	The project's general objective is to continue developing an efficient, transparent land market that will encourage efficient land use. Specific objectives to this end are: (i) to afford legal certainty as to rights to individual land parcels and campesino and native community territories; (ii) to consolidate the process of modernizing the rural cadastre and land registry so titling work can proceed efficiently, the cadastre can be expanded and updated, and the register can be kept current; and (iii) to foster measures to safeguard protected natural areas and culturally significant sites that abut the titling zones.	

**Description:** The project has three components:

1. **Cadastral, titling, and registration of parcels of rural land and campesino and native community lands.** Funding will be provided to finalize technical, legal, and administrative steps to formalize boundaries and legal title, produce cadastral maps, and record and deliver 525,330 titles in the Coast and Sierra regions (on which work began in the first phase of the program) to beneficiaries. The program also will finance boundary and title regularization steps for approximately 250,000 additional properties in the Sierra. Given the losses inherent in this process, the end result will be about 178,131 new titles handed over to beneficiaries. Outside the campesino and native communities there are roughly 3 million individual parcels of land. By the end of the second phase of the land titling and registration program (LTRP2) proposed here, including what was done in phase one, the status of close to 1.7 million properties will have been regularized. This component also will formally demarcate and deliver legal communal title for 541 campesino community lands in selected areas of the Sierra and, as a pilot project, demarcate and title nine native communities in the Selva. Among the criteria used to select communities were their location in depressed areas, the extent of their overlap with mining claims, less interest among community members in securing individual titles, and the ancestral origin of the land. The consultants who examined environmental and social issues as the project was being prepared met frequently with residents of various communities to hear their views on the titling of their land. Before work is done with campesino and native communities during the project proposed here, a detailed diagnostic assessment of issues will be conducted with active input from these communities into cadastral, titling, and registration tasks. When the campesino and native community titling process is complete it will be evaluated by an independent agency (firm or NGO) engaged for that purpose.
2. **Strengthening of institutions and of the rural cadastre and registry system.** The project's titling and cadastre component will be executed by the Special Rural Cadastre and Land Titling Project (PETT). Parcels will be recorded by the Special Rural Property Section of the Regional Registry Offices coordinated by the National Superintendency of Registry Offices (SUNARP). As part of the component, the agencies will be given better equipment for their operations and technical work and staff will receive training from the executing agencies. Funds are budgeted for implementation of a rural cadastre maintenance strategy. As a

key piece of this records-maintenance effort, a Rural Cadastre Information System will be installed at PETT headquarters with 14 nodes in the regional offices, linked to the registry offices. For SUNARP, along with equipment upgrades and training, funds will be provided to develop and start up an Electronic Registry System connected to the rural cadastre.

3. **Environmental and cultural analysis, protection, and monitoring.** The object of this component is to afford legal safeguards to keep protected natural areas and culturally significant sites in the project's area of influence intact. Two actions to be financed are the definitive demarcation of 15 nature reserves (of a total of 52 such protected areas) and an analysis of ecological preserves and archeological sanctuaries and historic monuments. Funds also are budgeted for a program to monitor the project's impacts over time. To implement this component, the PETT will enter into technical agreements with the National Natural Resources Administration (INRENA) and the National Culture Institute (INC).

**The Bank's  
country and  
sector strategy:**

The Bank is pursuing three fundamental objectives in its support for Peru: (i) help advance the country's efforts to modernize the economy, with support particularly for structural reforms, production infrastructure expansion, private investment financing, and development of a policy framework to spur efficient natural-resources management and investments in agriculture; (ii) provide continuing assistance in the country's poverty-reduction effort, and (iii) support modernization of the State, especially at the provincial and local level. By strengthening property rights, the proposed project will help boost private investment in rural areas, assist in the modernization of government operations and, by virtue of its rural focus, help reduce poverty.

**Environmental  
and social  
review:**

Two important considerations as far as the process's environmental and social impacts are concerned are the potential for: (i) shifts in natural-resources use; (ii) more intensive use of potential chemical inputs; and (iii) the regulations of Law 26,505 could adversely affect the vertical complementarity system in the way communities in the Sierra cultivate the land. Consequently, the project will need special guidelines for work with campesino and native communities when the land slated for titling abuts nature reserves or culturally significant sites. Gender considerations also need to be taken into account in the titling process.

Regarding the potential for stepped-up use of farm chemicals, many of the initiatives comprising the ongoing Animal Health and Plant Protection Program (1025/OC-PE) provide for controls and advisory support regarding pesticide and fertilizer use, as well as an integrated pest management program that covers much of the planned titling zones.

The environmental and cultural analysis, protection, and monitoring component of the project proposed here will help safeguard protected natural areas and culturally significant sites. The prime focus will be the definitive demarcation of 15 protected areas (of a total of 52), with INRENA and INC analyses of ecological preserves and historic monuments before titles are formalized. As for campesino and native communities, in addition to boundary demarcation and communal titling work the project will pay for diagnostic assessments, technical advisory support, information campaigns and training, and the development of dispute resolution mechanisms. The project will promote the use of diagnostic and consultative activities with the communities before the regulations for Law 26,505 are implemented and a pilot experience with individual titling on nearly 300 properties in selected communities after the regulations are introduced. The communities will be involved in all activities. One highlight among the accomplishments of the program's first phase was the high percentage of properties to which women received title. The 1994 Agricultural Census had found that only 4% of women farmers held title to land; according to the above-mentioned program evaluation, women accounted for nearly 15% of titles handed over. (Under Peruvian law, both spouses must sign when a parcel is registered.) Apart from stepping up promotional activities, the plan in the second phase of the program is to coordinate titling work with agencies experienced in this field.

**Benefits:** The conclusion of an analysis of potential impacts of the proposed LTRP2 is that the operation would boost investment, enhance productivity of the targeted farmers, and give them easier access to credit. Other anticipated benefits are a gradual consolidation of agricultural holdings, more jobs, a more dynamic land market, and a shift in cropping patterns in areas brought into the process.

**Risks:** The following are the chief risks identified: (i) **Rural land cadastre and registry maintenance.** This has to do with entering transactions in the system after titles are regularized. A records-maintenance strategy will be implemented to keep the property rolls up to date, the primary aims being to lower transaction costs, streamline the process, set up units with a specific records-maintenance mandate (a Cadastre Maintenance Bureau at PETT headquarters and regional maintenance units), conduct information campaigns to promote the country's "registration culture", and set up a Rural Cadastre Information System at PETT headquarters; (ii) **Coordinating execution.** To tighten coordination and cooperation between the various agencies involved, technical areas of the Project Coordinating Unit (PCU) will be strengthened, the role of the Advisory Committee will be heightened, and information systems will be installed in the different agencies; (iii) **Environmental and social risks.** Measures to counter these risks are described above in the section "Environmental and social review". (iv) **Institutional and financial**

**sustainability.** The institutional and financial structure of Peru's registry offices is relatively sound and stable. To make the cadastre equally solid, apart from the new rural cadastre strategy mentioned above in point (i) it has been recommended that a National Commission on Cadastre Standards be created to foster coordination among the different kinds of rural and urban cadastres. At a given point the Commission should come up with institutional and funding (government and own funds) requirements for an Integrated Cadastre System.

**Special contractual clauses:**

Before program funds could be disbursed the borrower would be required to: (i) establish a Land Titling and Registry Program Coordinating Unit and appoint an individual to head the unit and others to take charge of planning and monitoring and administration and finance (paragraph 3.8); (ii) sign agreements between the PETT and INRENA and INC for technical services required for the environmental and cultural analysis, protection, and monitoring component (paragraph 3.13); (iii) submit, to the Bank's satisfaction, the Operating Regulations for the project's execution (paragraph 3.15); and (iv) create through the appropriate legal procedures a Multisector Review Commission on National Cadastre and Land Registry Standards, with members representing SUNARP, the Tax Administration Superintendency, PETT, the Informal Land Tenure Regularization Commission, the Bureau of Lands and Survey (IGN), and the regions and municipalities (paragraph 5.4).

**Poverty-targeting and social sector classification:**

This operation does not qualify as a social-equity enhancing project as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

**Exceptions to Bank policy:**

As an exception to the Bank's procurement policies, it is recommended that the National Aerial Photography Service (SAN) be hired directly—for an amount of up to US\$261,000—for the aerial mapping of an area of 1,124,000 hectares (justification for this recommendation is given in paragraph 3.21).

**Procurement:**

Thresholds above which international competitive bidding will be required for this project will be US\$300,000 for goods and services, US\$200,000 for consulting services, and US\$2.5 million for civil works.